

REMARKS

Claims 1-5, 7-9, 13-16, 18-20, 23-26, 28-29, 32-33, 35-36 and 40-45 remain in this case for consideration. Claims 1, 3, 5, 8-9, 15, 19-20, 25, 28-29, 35, 41-42 and 45 have been amended to better define Applicant's invention. Claims 12, 22 and 34 have been canceled, without prejudice, to expedite prosecution.

A. Prior Art Rejections

1. The Invention

Applicants have invented improvements to the "handset based" wireless technology described in their earlier, commonly assigned McGregor U.S. Patent No. 5,577,100. One of Applicants' improvements allows a plurality of accounts, each with an account balance, to be internally stored and managed within a wireless device. In another of Applicants' improvements, management of the plurality of accounts includes allowing the transferring of amounts amongst the internal accounts. In Applicants' invention, calculation of communication charges is also done within the wireless device with the calculated charge being applied to the appropriate internal account balance. The internal account which is charged can be selected in multiple ways, including by the wireless device user or automatically based upon an algorithm. Such an algorithm could, for example, select the internally stored account based on the origin or destination of the communication. In one preferred embodiment, the internally stored accounts correspond to a first and second line. The first line might be used, for example, for business calls while the second line is used for personal calls.

2. The Cited Art Distinguished

Applicants' claims 1, 2 and 15 have been rejected under 35 U.S.C. § 102(e) as being anticipated by Dent's U.S. Patent No. 6,246,870 ("Dent patent"). The Dent patent discloses a multiple-mode communications terminal that assists a subscriber to multi-mode radiotelephone communications systems to use the least costly communications system. The

following information is stored in the Dent patent communications terminal (or its smart card): the tariffs for each communications system, the critical values (e.g., "free" monthly minutes) at which the tariffs change, and the billing cycle dates at which "free monthly minutes" are replenished. Means in the communications terminal track the communication units used during each billing cycle to determine when a tariff changes (e.g., when "free" monthly minutes are exhausted). For each incoming or outgoing communication, means in the communication terminal compare the then applicable tariff for each communications system to determine the least costly alternative among the available communications systems. The comparison is used to either select the least costly available communications systems or to inform the user so the user can make the selection. Also, if the tariff changes during a communication, the comparison is repeated and, if appropriate, used to hand-off the communication, warn the user of the tariff change or terminate the communication.

A useful example of the Dent patent system is a user who subscribes to a multi-mode cellular/satellite service. Suppose that the satellite system gives the user 500 "free" satellite minutes per month and \$2 per minute thereafter. By comparison, suppose the cellular system gives the user 1000 "free" cellular minutes per month and \$0.25 per minute thereafter. If the user starts a satellite phone call having previously used 498 minutes of satellite and 800 minutes of cellular, the phone described in the Dent patent would minimize the user's costs by switching after 2 satellite minutes from satellite to cellular, or warn the user that the user should switch from satellite to cellular, or terminate the satellite call.

Although the Dent patent tracks communication units for multiple systems to determine the current applicable rate and allows the user to select the least costly available communications systems, the Dent patent does not disclose software within the wireless device that: (1) internally stores a plurality of accounts on the wireless device (each with an internal account balance), (2) allows transfer of account balances amongst the internal accounts and (3) selectively charges one of the plurality of internally stored account balances with a charge calculated within the wireless device. Instead, the Dent patent adheres to the conventional wisdom of central billing systems with monthly bills and billing cycles. (see, Dent patent, col. 5, lns. 41-44; col. 6, lns. 2-5; col. 8, lns. 42-45). While Dent tracks communication units used

during a billing cycle for multiple communications systems (e.g., satellite, cellular etc.), Applicants find no teaching in the Dent patent of actually storing within the wireless device *the account that is charged for a communication*. Similarly, Dent fails to disclose multiple internally stored account balances where amounts can be transferred amongst such account balances. Instead, Dent involves communication services where charges accrue in accounts at the service provider network to which the customer has little insight (see, Dent patent, col. 1, lns. 48-51). To the extent Dent has its user terminal track communication units used during a billing cycle, it is done solely to enable selection of the communication service with the then lowest tariff. It is telling that Dent discloses that the service provider network broadcasts a signal indicating a transition to a new billing period (see, Dent patent, col. 5, ln. 66 - col. 6, ln. 5). This disclosure shows how important it is in the Dent system to have the user terminal continuously synchronized with the service provider network and not acting independently, as in Applicants' invention. Since the Dent patent fails to teach key features of Applicants' invention, the Dent patent does not anticipate or render obvious any of Applicants' pending claims.

Applicants' previously pending claims 12 and 22 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over the Dent patent in view of Martineau's U.S. Patent No. 5,915,226 ("Martineau patent"). The Martineau patent discloses a wireless telephone having a SIM card and a prepaid card. The user purchases a prepaid card having prepaid units. Upon insertion of the prepaid card into the wireless telephone, prepaid units can be read off the prepaid card and used by the SIM card. As the wireless phone is used, the SIM card calculates charges and deducts the charges from the prepaid card.

Before distinguishing the combination of references proposed by the Examiner, Applicants would first like to address the applicable legal standards for obviousness. On the issue of "obviousness," the Patent Office bears the burden of establishing a case of *prima facie* obviousness. *In re Fine*, 837 F.2d 1071, 1074 (Fed.Cir. 1988). To determine whether or not the claimed subject matter can properly be viewed as being "obvious" under 35 U.S.C. § 103, "the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved... Such secondary considerations as commercial success, long felt but unsolved need, failure of

others, etc. might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S.Ct. 684, 694, 15 L.Ed.2d 545 (1966); *see also*, *KSR International Co. v. Teleflex Inc.*, 550 U.S. ___, 82 USPQ2d 1385 (2007).

The Court of Appeals for the Federal Circuit elaborated on this obviousness test in *In Re Kotzab*, 217 F.3d 1365, 1369-1370 (Fed.Cir. 2000)(citations omitted):

"A critical step in analyzing the patentability of claims pursuant to section 103(a) is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art guided only by the prior art references and the then-accepted wisdom in the field... Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one 'to fall victim to the insidious effect of hindsight syndrome wherein that which only the inventor taught is used against its teacher.'"

Moreover, a "useful general rule" is that references which "teach away cannot serve to create a prima facie case of obviousness." *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1354 (Fed.Cir. 2001) (citations omitted). "Proceeding contrary to the accepted wisdom... is 'strong evidence of unobviousness.'" *Ruiz v. Foundation Anchoring Systems, Inc.*, 234 F.3d 654, 667 (Fed.Cir. 2000) (citations omitted).

Now, turning back to the cited references, although Martineau describes using a SIM card to process prepaid amounts read from a prepaid card and, based upon computations made by the handset, write a new decremented balance on the prepaid card, this can hardly be characterized as a transfer among internally stored account balances. First, there is only one account balance in the Martineau patent, that is the account balance written onto the prepaid card. While Martineau's SIM card might use that account balance from the prepaid card and later adjust it, there is still only a *single* account balance in Martineau. There is simply no teaching in the Martineau patent of a second, third, fourth etc. account balance which are internally stored on the wireless device as in Applicants' invention. Similarly, there is plainly no teaching in Martineau of allowing the wireless device user to adjust account balances by transferring amounts amongst a plurality of internal accounts. Since neither the Dent patent nor the Martineau patent teach Applicants' invention of having multiple internally stored accounts

within the wireless device and allowing the user to adjust account balances by transferring amounts amongst the internal accounts, neither the Dent patent nor the Martineau patent, either individually or in combination, would render any of Applicants' pending claims unpatentable for obviousness.

Applicants' claims 1-5, 7-9, 13-16, 18-20, 23-26, 28-29, 32-33 35-36, and 40-45 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over Carlsson's U.S. Patent No. 6,026,291 ("Carlsson patent") in view of McGregor's U.S. Patent No. 5,577,100 ("McGregor patent") and the Dent patent. The Carlsson patent discloses a cellular system in which multiple subscriptions for multiple terminals and multiple users are maintained at the Home Location Register ("HLR") in the wireless provider's offices. The Carlsson patent is an example of the conventional "network centric" approach that Applicants are trying to avoid. More specifically, Carlsson discloses that the subscription charged for a call is determined by the records in three registers located in the HLRs: the terminal records/register, the user records/register, and the subscription records/register. For example, Figure 5 shows a record stored in the user register that controls which subscription is charged based on the time and day of the week. In operation, the Carlsson patent user can select an appropriate HLR account. This choice is then communicated to an HLR computer at the wireless provider's offices. The wireless provider then calculates the appropriate call charges in the HLR computer at their offices and applies those charges to the appropriate HLR account maintained at their offices.

Applicants' invention is fundamentally different from Carlsson's network centric system. In Applicants' invention, the accounts with their account balances are stored and maintained on the wireless device itself, rather than at a distant network computer. Moreover, unlike Carlsson's network centric system, the charges in Applicants' claimed invention are calculated by the wireless device itself.

A major problem for the type of network centric systems disclosed in the Carlsson patent is that for time-critical applications, such as prepaid or credit limit mobile phone billing, there is a need in the network centric systems for near real time communication between the network and the wireless device so that a user telephone call can be prevented or quickly terminated if the wireless device user has exhausted his or her prepaid or credit limit account

balance. Such ancillary network-to-wireless device billing communications effectively reduces the capacity of the network to support traffic and subscribers. Such ancillary billing communications also detract from scalability for the wireless system. Further, network centric systems tend to introduce delays (latency) into call set-up that may cause subscriber dissatisfaction and may be vulnerable to allowing unpaid traffic (revenue leakage) due to polling intervals or the inability to end calls in progress.

By contrast, in Applicants' system, calls can be immediately restricted or cutoff when prepaid funds are exhausted or the credit limit is reached. An additional advantage of Applicants' system is that the user can see their account balance and, if necessary, readily transfer funds between internally stored accounts.

With respect to the McGregor patent, Applicants are well aware of the McGregor patent since the McGregor patent is commonly owned with the present application and was discussed on the first page of Applicants' specification. While Applicants acknowledge that the McGregor patent discloses a pioneering wireless system where a single account can be maintained on the wireless device, Applicants nonetheless submit that this pioneering McGregor disclosure does not render the present improvement inventions unpatentable for being "obvious." More specifically, there is no disclosure in the McGregor patent of Applicants' invention of having multiple, internally stored accounts in a wireless device, much less allowing transfer of amounts between these multiple, internally stored accounts.

While the Examiner acknowledges in the office action that the cited obviousness references do not individually teach all the elements of Applicants' invention, the Examiner nonetheless contends that one of ordinary skill in the art could aggregate selected teachings from each cited reference to recreate Applicants' invention. Nonetheless, in so doing, the Examiner ignores the fact that the Carlsson and Dent patents affirmatively teach away from the McGregor patent by teaching one of ordinary skill in the art that billing systems should be located at the central network (see, Carlsson patent: Fig. 2 and col. 5, lns. 22-34; Dent patent: col. 5, lns. 41-44; col. 6, lns. 2-5; col. 8, lns. 42-45), rather than on the wireless device. See *McGinley, supra*, 262 F.3d at 1354 (references which "teach away cannot serve to create a prima facie case of obviousness"); *KSR International, supra*, 550 U.S. ____, p. 17 ("[a] factfinder should be aware,

of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning"). For these reasons, it is highly inappropriate for the Examiner to use Applicants' disclosure to "pick and choose" among the disparate and contradictory teachings of the Carlsson, Dent and McGregor patents in an attempt to recreate Applicants' invention.

In addition to having insufficient teachings to render Applicants' independent claims unpatentable, the cited Carlsson, Dent and McGregor patents also fall well short of rendering the further subject matter in Applicants' dependent claims unpatentable. For example, with respect to Applicants' dependent claims 2, 3, 26 and 36, the cited Carlsson, Dent and McGregor patents fail to teach a user interface or algorithm within the wireless device to determine which one of a plurality of internally stored accounts should be charged. As previously noted, Carlsson teaches, likely for security reasons, that the accounts must be maintained at the network switch, rather than in the wireless device. While the McGregor patent discloses a single internally stored account, there is no disclosure in the McGregor patent of a plurality of internally stored accounts, much less how to select which one of a plurality of internally stored accounts should be charged.

Similarly, for Applicants' claims 4 and 42, Applicants find no teachings in any of the cited references of an algorithm to determine which account should be charged "based on the origin or destination of the communication." At most, Carlsson discloses an algorithm to determine which account at the network switch should be charged based on a time schedule. For Applicants' claims 25 and 45, Carlsson does not disclose a terminal with two "lines" (i.e., telephone numbers) and does not charge calls based on the "line" (i.e., telephone numbers) in use. A careful review of the Carlsson patent at col. 1, lines 37-40, 57-60 and col. 3, lines 16-36 reveals that the Carlsson invention: (1) assigns telephone numbers to a particular user, rather than to a particular terminal or to a particular subscription, and (2) aligns billing accounts with subscriptions rather than telephone numbers. The Carlsson patent teaches that a user may segregate their business and personal usage by having two subscriptions at the network offices, rather than by having two "lines" (i.e., telephone numbers). For these reasons, neither the Carlsson, Dent nor McGregor patents, either individually or in any combination, teach the invention of any of Applicants' pending claims.

Applicants' previous claims 12, 22 and 34 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over the Carlsson patent in view of the McGregor patent, the Dent patent and either the Martineau patent or Heinonen's U.S. Patent No. 5,887,266 ("Heinonen patent"). Applicants' previous claims 12, 22 and 34 were directed toward allowing the user to transfer balances amongst the plurality of internally stored accounts in Applicants' invention.

As acknowledged by the Examiner, the Carlson, McGregor and Dent patents fail to disclose a transfer of amounts among internally stored accounts. The Martineau and Heinonen patents have been selected by the Examiner to try to supply this missing teaching. As an initial observation, Applicants submit that having to combine *four* references to try to recreate Applicants' invention is, in and of itself, strong evidence of non-obviousness.

Moreover, the Martineau and Heinonen patents selected by the Examiner to supposedly supply the missing transferability teaching actually fail to provide this teaching. As previously discussed, Martineau's disclosure of having a SIM card read a prepaid balance off of a prepaid card is much different than Applicants' invention. In the Martineau patent, there is a single account balance. By contrast, in Applicants' invention, there are multiple account balances in the wireless device amongst which amounts can be transferred. The Heinonen patent teaches a method of allowing a mobile station to make payments for goods and services. Although the Heinonen patent discloses a feature for transferring balances amongst a plurality of accounts, such as a bank account, a credit account and/or a cash account, such accounts are maintained *external* to the mobile station, such as at the bank computer 22. (see, Heinonen patent, col. 10, lns. 25-27; "Internal bank transfers require that the information on the transfers must be updated to the computer 22 in the bank"). Plainly, Heinonen subscribes to the conventional wisdom of Carlsson that wireless accounts must be kept, likely for reasons of safety, at the network operator's offices and as far away from the user as possible. By contrast, Applicants defy this conventional wisdom by teaching not only that multiple accounts can be kept within the wireless device, but that amounts can be transferred amongst these accounts on his or her wireless device.

B. Conclusion

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at (415) 576-0200.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Guy W. Chambers", written in a cursive style.

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